

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  IES UTILITIES INC. and INTERSTATE POWER COMPANY	DOCKET NO. 199 IAC 20.2(4)"g" (SPU-96-6)
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**ORDER APPROVING GUIDELINES**

(Issued March 22, 2000)

On October 15, 1999, IES Utilities Inc. (IES) and Interstate Power Company (Interstate) filed with the Utilities Board (Board) guidelines to Section 6.04 of the System Coordination Operating Agreement (Agreement) dated October 6, 1998. IES and Interstate request that the Board approve these guidelines, which supplement the Agreement. No objections to the guidelines were filed.

The Agreement was part of the merger process involving IES, Interstate, and Wisconsin Power and Light (WPL). IES, Interstate, and WPL are subsidiaries of Alliant Energy Corporation (Alliant Energy), a registered holding company. The Agreement was filed with the Board and the Federal Energy Regulatory Commission. The Agreement governs, on a single system basis, the coordinated operations and joint planning of the merged utilities' electric generation and transmission facilities, including joint dispatch and resource purchasing. The proposed guidelines supplement Section 6.04 of the Agreement and relate to capacity sales and purchases between the three utility affiliates and other utilities. Pursuant to the Agreement, the Board must approve the guidelines.

On February 8, 2000, the Board issued an order requesting additional information. On February 21, 2000, IES and Interstate filed the requested information regarding reserve requirements and excess capacity determinations.

The additional information filed by IES and Interstate clarifies that the reserve requirements for all IES, Interstate, and WPL will be based on each utility's reliability region. Currently, IES and Interstate are members of the Mid-Continent Area Power Pool (MAPP) and WPL is a member of the Mid-America Interconnected Network (MAIN).

WPL's minimum reserve requirements are based upon 18 percent reserves applied to a normal (50 percent probability) weather forecast. IES and Interstate's minimum reserve requirements are based upon the MAPP rules of 15 percent reserves applied to an extreme weather forecast. Interstate and IES state they will switch to the MAIN reserve requirements if a proposed change in reliability region membership from MAPP to MAIN becomes effective.

Alliant Energy states it will strive to minimize capacity purchases in excess of what is required to meet the reserve requirement of the applicable reliability region. Capacity purchases will be based both upon the individual markets projected by WPL, Interstate, and IES and on systemwide needs. Under the guidelines, purchases will be allocated to the three utilities in amounts that closely approximate each utility's proportion of the peak demand. Capacity purchase determinations will be done from the perspective of each individual utility but consideration will also be given to the effect these purchases have on the other utilities' capacity requirements. The guidelines are designed to assure that, to the maximum extent possible, both

the costs and benefits from a capacity sale or purchase will flow together to the same utility.

The additional information clarified that, until there is a change in reliability region membership, IES and Interstate will follow MAPP reserve requirements. The information also clarified how capacity sales and purchases will be allocated. The Board will approve the proposed guidelines, subject to IES and Interstate meeting the reserve requirements and capacity sales and purchase allocations as described in their February 21, 2000, filing.

**IT IS THEREFORE ORDERED:**

The guidelines to Section 6.04 of the System Coordination Operating Agreement filed by IES Utilities Inc. and Interstate Power Company on October 15, 1999, subject to the clarifications filed on February 21, 2000, are approved.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.  
Executive Secretary

Dated at Des Moines, Iowa, this 22<sup>nd</sup> day of March, 2000.